USAID PROCUREMENT EXECUTIVE

PROCUREMENT EXECUTIVE’S BULLETIN NO. 2012-05
SUBJECT: Hortatory Language for Introduction of Mobile Money – Better Than Cash (BTC) Initiative

1. Scope: This Bulletin applies to all USAID Contracting Officers (COs) and Agreement Officers (AOs).

2. Responsibilities and Requirements: The purpose of this bulletin is to provide sample hortatory language (see pages 2 and 3) for COs and AOs to incorporate into new acquisition and assistance solicitations where the Statement of Work or Program Description is appropriate for promoting the Agency’s Better Than Cash Initiative.

The CO/AO must maintain a record of the solicitations that contain this hortatory language and note if the selected awardee has proposed the use of electronic payment systems in place of cash payments. Instructions on how this data will be collected will be communicated to COs/AOs by the IDEA/Mobile Solutions office and M/OAA at a later date.

By including this language in the instructions for preparing proposals/applications, the CO/AO will encourage offerors/applicants to consider alternative methods of payment, especially electronic forms of payment, in place of cash payments when appropriate. This language places no requirement on implementing partners.

The information provided by the offerors/applicants on the selected method of payment will not be used as an evaluation criterion unless one of the objectives of the program is to promote electronic payments. If so, the criteria must be specifically stated in the Evaluation Criteria section of the solicitation.

3. Inquiries. Questions regarding the hortatory language may be addressed to Marcelle Wijesinghe, M/OAA/Policy by e-mail at mwijesinghe@usaid.gov, or by telephone at (202) 567-4717, and questions regarding the Better Than Cash Initiative may be addressed to Nandini Harihareswara, IDEA/MS, by e-mail at nandini@usaid.gov, or by telephone at (202) 712-0214.

4. Effective Date. This Bulletin is effective immediately and shall remain in effect until cancelled by the Procurement Executive.

7/10/2012 [signature on file]______
Date

Aman S. Djahanbani
Procurement Executive

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ELECTRONIC PAYMENTS HORTATORY LANGUAGE FOR ACQUISITION AND ASSISTANCE SOLICITATIONS

Introduction
The various electronic payment systems available today accelerate financial inclusion for billions of poor people in developing countries who would otherwise have no access to financial services. Additionally, increased innovation in this arena has the potential to deliver a range of financial services that are affordable and convenient to the poor.

Discussion
THE OPPORTUNITY: Across the world today, USAID implementing partners spend millions of dollars of payments in cash every year. These payments may include disbursements of salaries, payments to vendors, payments to participants of programs, such as cash-for-work programs, emergency relief payments, and others. Implementing partners also often support businesses in a specific sector or along a value chain. They advise on how to build sound financial management systems, and marketing techniques, among other technical assistance. Often these businesses rely on cash in their financial management systems.

Advances in communication technology and network capacities have enabled innovative new ways to make payments through mobile devices, smart cards and other electronic methods. The transition from cash to electronic payments has potentially significant benefits for all groups involved:

- **Cost Savings.** Decreasing the costs associated with physical cash operations
- **Transparency.** Increased accountability and tracking of financial flows
- **Security.** Safer delivery of payments, especially for women
- **Financial Inclusion.** Reaching those not yet in the financial services sector
- **New Market Access.** Opening doors for fee-for-service business models to previously unserved areas due to high transaction costs.

Electronic payment systems include, but are not limited to, electronic funds transfers using bank accounts, pre-paid cards (bank issued magnetic or smart cards) using Point of Sale devices, mobile banking, and money transfer and payment systems available through mobile network operators and/or banks.

Of all the electronic payment systems, mobile money appears to be the least understood, yet the technology and infrastructure behind it might have the longest reach and greatest potential audience. Mobile money enables individuals to store money, seamlessly transfer it to friends and family in need, and withdraw it without ever travelling to a bank. Depending on the country, users may also be able to pay for goods and services and access a whole range of financial services through their mobile phone. This can be life-changing for the 2.5 billion people without access to basic financial services. Mobile money can also directly support USAID’s broader goals because it increases financial inclusion, improves transparency, and roots out corruption by preventing leakages and also increases broad based economic growth.
Though the potential benefits are clear, there is still more work to be done and USAID has a unique opportunity to leverage financial and political influence to drive greater usage of electronic payment systems. To that end, prospective partners should note the following:

USAID encourages host country governments, bilateral and multilateral development partners, contractors, subcontractors, grantees, sub-grantees, and private sector alliance partners to help strengthen the financial services sector in the countries we work. Where programs propose cash distributions, partners should consider incorporating electronic payment systems into program design and implementation where feasible, thereby reducing reliance on physical cash.

If you are considering the use of electronic payments in your operations and programs, please include in your [concept paper/application/proposal] a brief explanation of the selected method of electronic payment, and where feasible, how you propose to reduce the reliance on physical cash. Examples of operational costs that can use e-payments are: temporary staff salaries; vendor payments; travel per-diem for staff. Examples of program costs that can use e-payments are: cash for work payments; payment to trainers or trainers of trainers; direct grants to beneficiaries. This discussion of the type of payment is for informational purposes and for our understanding of how you propose to pay recipients/beneficiaries. This information will be used by USAID to understand and measure the impact of USAID’s promotion of the use of electronic payments by implementing partners. The information provided in your proposal/application will not be an evaluation factor unless specifically stated as such in the evaluation criteria in this solicitation document.